

**ARIZONA WATER BANKING AUTHORITY**  
**Final Minutes**

**September 26, 2001**  
**Arizona Department of Water Resources**

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**Welcome/Opening Remarks**

Arizona Water Banking Authority (Authority) members present were Joseph C. Smith, Tom Griffin and Bill Chase. *Ex officio* member, Representative Mike Gleason was also present.

**Approval of Minutes of June 27 Meeting**

The Authority approved the minutes from the June 27, 2001 meeting.

**Water Banking Staff Activities**

Tim Henley, manager of the Authority, reviewed the current deliveries. Mr. Henley stated that total deliveries continue to be below projected deliveries. This is primarily due to decreased deliveries early in the year in the Phoenix AMA. The Pinal AMA is about even and the Tucson AMA has deliveries greater than projected. Mr. Henley stated that he anticipated that deliveries would be near 300,000 acre feet for the year.

**2001 Annual Plan of Operation**

Mr. Henley informed the Authority members that this item was included on the agenda due to Central Arizona Project (CAP) indicating that there would be about 10,000 acre feet of water available at the end of the year. Because the facilities described in the 2001 Plan were currently being fully utilized, the only facility available for storage would be the Vidler Water Co. facility. However, the most recent discussions with representatives of Vidler Water Co. indicated that Vidler Water Co. did not want to offer storage to the Authority in 2001 but instead wanted to store water there on their own behalf. Consequently, no action was required on this agenda item.

Joseph C. Smith noted that Dorothy Timian-Palmer of Vidler Water Co. had submitted a speaker card. Ms. Timian-Palmer stated that Vidler Water Co. had recently met with Mr. Henley to discuss issues associated with storage at their facility. To address the technical concerns identified by Mr. Henley, Vidler Water Co. intended to store water on their own at the facility and provide monthly reports to the Authority regarding its performance. Ms. Timian-Palmer also addressed the issue of recovery at the site. She stated that if storage is done at the site and the Authority decides that further storage is not feasible, Vidler would be willing to buy back the water already stored. She anticipates that the facility would be available for Authority storage in mid-2002.

Tom Griffin questioned whether the 10,000 acre feet of available CAP water could be stored elsewhere. Mr. Henley stated that it probably could not because all of the other storage facilities were being fully utilized and the planned siphon outage in November and December precluded storage downstream of the Salt River siphon. Mr. Griffin asked whether a similar situation could occur next year. Mr. Henley stated that it could. Representative Mike Gleason questioned whether it was Vidler's intention to partner with the Authority. Mr. Henley stated that it was their plan to partner, either with the Authority or with other entities. He also noted that Vidler Water Co. was one of the most expensive facilities so they could have difficulty being competitive with other storage facilities for Authority storage, at least on an intrastate basis.

## **Discussion Regarding Issues Arising from Governor's Water Management Commission**

Mr. Henley stated that there were two issues that could impact the Authority: transfer of the credits developed using the 4¢ tax dollars to the Central Arizona Water Conservation District (CAWCD) and development of the Central Arizona Groundwater Replenishment District (CAGRD) replenishment reserve.

The transfer of credits issue developed out of concern that the credits could be withheld by the Authority or the Arizona Department of Water Resources (ADWR) when they were needed. The proposal was made that this could be avoided by having the credits developed from those funds transferred directly to CAWCD. Mr. Henley had concerns with this proposal and a compromise was developed. First, in the section of the groundwater code that deals with assignability of credits, new language was proposed that eliminated ADWR's discretion for these specific credits. New language was also proposed for the Authority's statute that allows CAWCD to determine how many credits are needed (not the Authority), allows consultation with ADWR and limits the total amount of credits that can be used in any year to be 20% of the total M&I subcontract amount or a greater amount if approved by the Authority. This percentage was selected because at 20% shortages, the users can return to groundwater without penalties. It also allows the Authority to have some goal for storage. Bill Chase noted that this issue was still an agenda item for full consideration by the Water Management Commission. Mr. Griffin asked whether the 20% would be transferred annually. Mr. Henley said that it was not an annual transfer; the credits would only be transferred when the Secretary of the Interior declares that there is a shortage on the Colorado River.

The second issue is development of a CAGRD replenishment reserve. This was of concern to Mr. Henley because the source of water being used is excess water and the Authority statutes provide that uses by the Authority come behind everyone else in Arizona. Mr. Henley stated that this priority issues was not problematic in the past because there were no other large users of excess water, however, the CAGRD could want as much as 1.5 million acre feet of water. The proposed solution is a change in the AWBA statute that makes Authority storage for M&I firming of equal priority with storage by the CAGRD for advance replenishment. Interstate water banking would be behind every other use in the state. Neither the CAGRD nor the Authority want any other large user of excess water to be able to come in and have a higher priority.

## **Storage Facility Agreements**

- *Discussion and Approval of Agua Fria Agreement*

Mr. Henley informed the Authority that the agreement was complete, it was similar to existing USF agreements, and approval was needed to allow storage at the facility. Rep. Gleason asked if CAWCD set the rates and the Authority had no control over those rates. Mr. Henley stated that was the case, but the agreement limits the components that CAWCD could charge for. John Newman of CAP stated that all of the fees are cost based and that there were no capital components included. Rep. Gleason also had a question regarding the water quality language. Tom Harbour of CAP stated that the facility permit regulates monitoring for water quality.

The Authority approved signature of the agreement.

- *Avra Valley and Granite Reef Underground Storage Project*

Mr. Henley informed the Authority that these agreements had already been approved but the term was expiring. The extension could be by letter but Mr. Henley preferred having new

agreements. Mr. Smith asked the Authority if they wanted to see the final agreements for

approval. Mr. Chase stated that he found it acceptable for staff to make a decision regarding the agreements. Mr. Smith advised staff that they could make the necessary perfunctory changes after review with the staff attorney.

- ***Groundwater Savings Facility Agreements***

The existing agreements for storage at groundwater savings facilities expire on December 31, 2001. In addition to extension of the term of the agreements, there are some changes that need to be made in light of the CAWCD repayment stipulation. A new section has been added to the agreement that addresses recovery of the long-term storage credits stored within the facility. For districts that own the wells, the agreements will be similar in content. Different language will need to be developed for districts that do not own the wells. There may be different recovery options developed for each of those districts. Overall, all of the agreements should be consistent with each other with the exception of the term of the agreement and the recovery section. Mr. Henley stated that it was his intention to have all of the agreements signed by the December 31, 2001 expiration date.

### **Update on Status of Interstate Discussions**

Mr. Henley informed the Authority that the Agreement for Interstate Water Banking was signed in Las Vegas, Nevada on July 3, 2001 and that the negotiating team was working on the Storage and Interstate Release Agreement (SIRA). He said that the anticipated end of year completion date for the SIRA was probably not feasible given the Bureau of Reclamation's public notice requirement. His new estimate is approval of the SIRA at the March 2002 meeting of the Authority. The final agreement is the Agreement for Development of Intentionally Created Unused Apportionment (ADICUA). CAP staff have been working on the ADICUA and Mr. Henley proposes that it should be ready for approval concurrent with the SIRA.

Execution of all three agreements would allow initiation of storage for interstate purposes. At that time, staff would examine the opportunities for interstate water banking remaining in 2002 and if opportunities are identified, would bring the 2002 Plan of Operation back to the Authority for approval to amend it to include interstate water banking.

### **2002 Annual Plan of Operation**

Mr. Henley informed the Authority that the draft 2002 Annual Plan of Operation (Plan) would be presented at the three AMA Groundwater User Advisory Committee meetings as required by statute. He provided an overview of the Plan noting that it is similar in content to past Plans but noted that for the first time, storage at USFs was greater than storage at GSFs. A review of Table 2 shows that the Plan projects Authority storage of about 360,000 acre feet and that there is some CAP capacity remaining that could be used for interstate water banking purposes. The cost of the program has increased to more than \$18 million. This is primarily due to increased water delivery costs. The Plan will be edited following the public meetings and a draft of the final Plan will be given to Authority members for review prior to the December Authority meeting.

Representative Gleason asked Mr. Henley when the program's carryover money would be gone. Mr. Henley stated that the carryover would be gone in approximately 4 years, however, the time is different for each of the AMA's. Specifically, the Pinal AMA has essentially no carryover left and the Phoenix AMA has a large amount of 4¢ tax dollar carryover because

that source of funds hasn't been expended yet in the Phoenix AMA. He added that once the Agua Fria Recharge Project becomes operational, the carryover in the Phoenix AMA could deplete quite rapidly.

Representative Gleason also asked about availability of water when he's seen publicity on how low Lake Mead is. Mr. Henley stated that availability of water should not be an issue because the Authority's Plan is within the state's entitlement.

Mr. Smith informed the Authority that the \$2 million general fund appropriation could be impacted by the Governor's requested 4% budget reduction. Mr. Chase stated that it might be helpful to reiterate the Authority's sources of funds and how they can be utilized when discussing implications of this type. Mr. Henley did so. A member of the public asked whether the legislature could take money from the Authority. Mr. Henley stated that they had not yet done so, but he wouldn't speculate on what they could choose to do.

Mr. Chase had a question regarding Table 2 of the Plan, specifically why CAP capacity available increases and Authority storage decreases in October. The reasons for this are: CAP not filling Waddell, storage on behalf of the CAGRD increases and there are decreased deliveries to Tucson due to inspection/maintenance of the pumping plant.

Mr. Henley reported to the Authority that Kai-Avra Valley was included in the Plan but had no storage projected. The Kai-Avra Valley facility is a unique situation because the facility is in the Tucson AMA but lacks the infrastructure to allow delivery of CAP water. The inventory of facilities completed by the Authority identified a shortage of facilities in that AMA, consequently the Authority can provide financial assistance to entities developing projects there. Staff are currently in the process of developing the agreements necessary to allow the Authority to purchase storage capacity at the Kai-Avra facility. Mr. Henley anticipates that the agreements could be ready for approval at the December Authority meeting and then construction of the infrastructure could be initiated. He stated that this type of assistance could be an option for other entities in the Tucson AMA.

#### **Call to the Public**

There was no public comment.

The next AWBA meeting is scheduled for Wednesday, December 19, 2001.

The meeting concluded at 11:20 a.m.